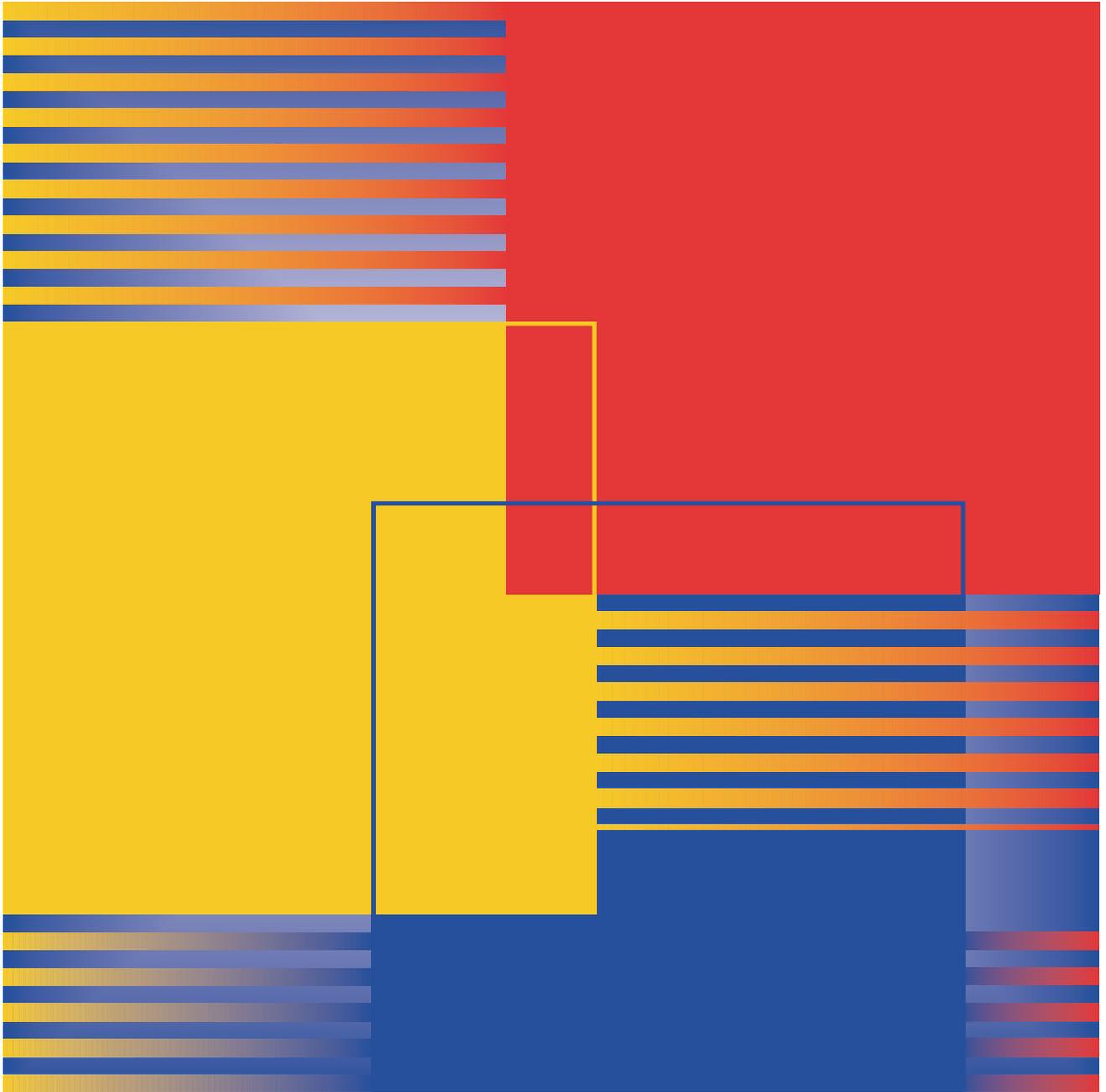
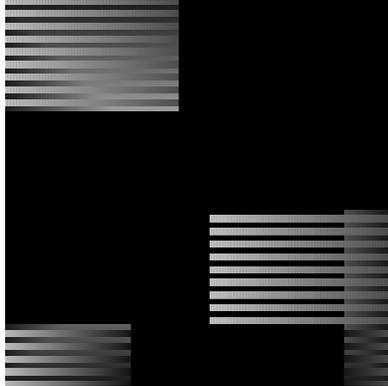

Dialogue on Diversity



Conducted by
The Committee for Economic Development (CED)
and The Fund for Corporate Initiatives (FCI)

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Foreword

Racial, gender, and ethnic diversity in corporate America: Is it alive and flourishing? If not, what are the problems and what can be done? These are just some of the questions explored in a unique discussion that took place on May 19, 1999 between Trustees of the Committee for Economic Development and Fellows from The Fund for Corporate Initiatives, a group of talented, senior minority and women executives from some of North America's largest and most respected corporations.

Diversity in corporate life has resulted in enormous strides for minorities and women. Many American corporations believe they are on top of the issues - and a good many are. But a deeper look reveals that diversity remains an often elusive concept that must be continuously nurtured if it is to make a lasting and positive impact on our economy and business culture.

Published here are excerpts from a wide-ranging business-to-business discussion that extended over two days. The comments from these committed executives delve into such questions as why corporate diversity is important, the problems and areas which require attention, and what steps can or should be taken to achieve greater diversity.

We don't pretend to have the answers to all the questions raised by this complex and fast-evolving set of issues. But we do offer insights, observations, and concrete suggestions from some of the most articulate rising talent in corporate America. These are observations well worth listening to.

*Dolores D. Wharton, Chairman and CEO
The Fund for Corporate Initiatives, Inc.*

CEI is proud to present this summary of the "Dialogue on Diversity" which it sponsored jointly with The Fund for Corporate Initiatives, with the generous financial support of the Ford Foundation.

The goal behind this joint project was to move the issue of corporate diversity beyond the theoretical — and occasionally ideological — context into one where the focus was on practical results in the workforce and the marketplace. More specifically, our aim was to have an open, frank discussion between CEOs and senior minority and women executives about the barriers to their corporate advancement.

Many thoughtful people have expressed concern over why the emphasis in recent years on corporate diversity has produced so few results. Our approach is to probe more deeply into this issue and to hear directly the views and experiences of two critically important groups: those who have already made it to the top of corporate America and those who are headed in that direction right now.

What do those two perspectives offer each other? What do those common sets of experiences tell us about how companies should pursue diversity initiatives — as part of hiring strategies, marketing strategies, or both? And finally, how can corporate America's experience with diversity underscore that diversity is a fundamental American strength which will sharpen our overall competitive edge and also deepen the bonds between our diverse citizens?

The dialogue which follows will, I hope, both stimulate your thinking on this important subject and convince you that successful diversity strategies are not only marketplace imperatives, but are integral to successful corporate and civic communities

*Charles E. M. Kolb, President
Committee for Economic Development*

Participants

Dolores D. Wharton, Chair †

Chairman and CEO

The Fund for Corporate Initiatives, Inc.

Laurence C. Bonnemere *

Assistant Vice President and Chief

Administrative Officer

East Rutherford Operations Center

Federal Reserve Bank of New York

Lee Brathwaite *

Vice President Network I & M

Bell Atlantic

Gwen Dixon *

Manager, Strategic Initiatives

Xerox

Frank P. Doyle †

Retired Executive Vice President

GE

Joan Fallon *

Managing Director — Real Estate Account

TIAA-CREF

Patrick Gaston *

Assistant Vice President, Strategic

Alliances, Government Affairs

Bell Atlantic

Chris Giordano *

Second Vice President and

Assistant Treasurer

TIAA-CREF

Bridgette Heller *

Vice President, General Manager

Gevalia

Kraft Foods

Virginia Ibarra

Executive Vice President and Director

of Growth Markets

Summit Bancorp

Judith Kirkland *

Vice President/General Manager

Construction

Empire City Subway Ltd.

Charles E.M. Kolb †

President

Committee for Economic Development

Nargis Ladha *

Manager, IT Consulting

Ontario Hydro Services Company

Keith Rauschenbach *

Second Vice President

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Henry Schacht †

Director and Senior Advisor

E.M. Warburg, Pincus & Co. LLC

(Former Chairman and CEO, Lucent Technologies and Cummins Engine)

Rema Smith *

Vice President, Human Resources

TIAA-CREF

Winston Smith *

Supplier Diversity Director

AT&T

C. Sumner Stone

Walter Spearman Professor

School of Journalism and

Mass Communication

University of North Carolina

Ed Toy *

Managing Director

TIAA-CREF

Clifton R. Wharton, Jr. †

Former Chairman and CEO

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Introduction

By Clifton R. Wharton, Jr.: One of the missing pieces in much of the work to date on corporate diversity is that there is limited dialogue between CEOs and those top senior-level women and minority managers who are directly involved in experiencing corporate diversity.

This is not to say that there is any deficiency or weakness on the part of human resource officers in these corporations. Not at all. But, rather, that we need occasions for candid dialogue between individuals who represent diversity at the mid- and senior -executive levels of the corporations with the leadership of corporations.

The Fellows of the Fund for Corporate Initiatives (FCI) represent a very unique pool of talent. Graduates of a special program operated by FCI and the Aspen Institute, these executives encapsulate in their own diversity examples of upward mobility and success in the corporate world. Thus, their insights have special value.

By Charles E.M. Kolb: I am delighted that CED can participate in this effort. We have talked about getting the Fellows together with senior representatives from corporations and I am very pleased that all of you could be here with us.

CED has worked in this area for many years. When Dolores and Clif first raised the issue with me well over a year ago, I thought that their approach — today's candid dialogue — was a unique, appealing, and practical approach to some of the more critical and overlooked issues relating to diversity. I am hoping what comes out of the discussions this afternoon and the presentation tomorrow will be a stepping stone for further engagement by CED and our Trustees.

The Challenge of Diversity

Three broad topics set the stage for the dialogue:

1. The importance of corporate diversity, particularly as a corporate economic imperative.
2. The pivotal role of CEO leadership, and
3. The critical steps that should be taken to achieve greater corporate diversity.

The principle challenge of diversity, recognized by all discussants, was the reality that, while many U.S. corporations have made progress at the lower management and staff levels, very few corporations have achieved significant diversity progress at their most senior levels. Despite all the rhetoric over the past ten to fifteen years, there are still very few minorities and women sitting in the uppermost levels of corporate America. Why?

Numbers don't tell all. Sometimes when you look deeply into the different parts of a corporation, you see that diversity no longer really exists. Then the question is: Is diversity a core value for the corporation? If it is a core value, how is it disseminated? How is it practiced? Is it important? A lot of people talk about diversity. The question is, do they walk the walk?

—Laurence Bonnemere

Henry Schacht observed that “About a year ago, two other CEOs and I were talking and I asked my two colleagues, Why is it, ten years later, fifteen years later, when we have all been working like crazy to avail ourselves of a more diverse population, why do we go to all these meetings and we only see white males? We have been working on this too long for the results to be what they are.... By now in the councils of the U.S. business community we should be seeing people of color.

We should be seeing women. We should be seeing foreign-passported people. We should begin to see by now a demonstrable population difference, and we aren't. What in the world is going on.”

The validity of Mr. Schacht's pointed observation was repeatedly touched upon during the dialogue. The consensus was that the case for the importance of corporate diversity had not yet been recognized or accepted within many U.S. corporations. The importance and significance of corporate diversity has not yet achieved an appropriate level of attention and action, as indicated by the recent class action suits at Texaco and Denny's.

Compared with the 1970s and 1980s, the level of visible corporate commitment to diversity seems to have lessened. What had once been seen as a moral imperative and a legal necessity today appears of far lesser importance. Why? Has the level of vigilance and oversight diminished because diversity is seen as yesterday's crusade? Or has the situation changed so much and so positively that it is no longer an issue?

Why is Corporate Diversity Important?

The discussants agreed that diversity is no longer a moral or ethical issue of “doing the right thing;” it is an economic imperative. Panelists repeatedly spoke of the economic imperative of achieving diversity in the economic self-interest of any corporation. In today’s truly world marketplace, a globally diverse workforce is a vital competitive asset, providing a wide array of perspectives, ideas, talents, experiences, and skills. A diverse employee base provides these things. Thus, diversity is and must be recognized as a bottom-line force.

Without diversity, our corporations are destined to miss critical business opportunities, which will derive stronger growth and ultimately enable you to win in the marketplace. It is about winning! It is about capitalizing on the relevant intellectual capital that will position the business to achieve its highest level of performance.

—*Bridgette Heller*

Rema Smith commented, “A CEO who wants to have an elitist attitude in today’s environment might enjoy that attitude for only a short period of time. Demographics are changing. Where is that company going to be ten years from now, fifteen years from now as the population is aging and the demographics that

they are going to have to deal with are shifting more toward women and people of color? That will be the reality for the future.... If the competition gets it and your company doesn’t, then it is going to have a severe economic cost.”

The clear conclusion was that diversity must become an accepted central priority in corporate operations if the new global competitive challenges are to be met. The external environment is forcing corporate change — globalization, technological advances, new products and services, new skill bases. These factors lead to a demand that corporations must look at themselves internally and differently to recognize the fundamental importance and contributions of diversity.

It doesn’t take very much today to lose that one percent of market share. It’s a matter of the degree to which we can take advantage of every opportunity for new ideas, for new abilities that engender success within our own corporations and within our own ability to deal with new markets, changing markets, and to come up with new ideas. So there is a very, very substantial dollars-and-cents benefit to allowing diversity in all its different aspects to flourish.

— *Ed Toy*

Henry Schacht said that the most important conclusion he has drawn was that “You have to start with a belief and understanding that diversity is an institutional business imperative and that any institution that relies on any homogeneous population will sub-optimize in its performance.... You have to treat diversity like any other business imperative, and you must not be embarrassed about doing it that way.”

“When U.S. business got serious about quality, within six or seven years, quality became a mantra. We used goals, we used targets, we measured, we tracked it. We tracked it in every cell. We did training, we did retraining, we fired people. We made it part of the evaluation, and we were not embarrassed about it. If you believe that diversity is a business imperative, then the quality example is a clear model of where major institutional change had to be undertaken systematically throughout the corporation. There could be no kidding about quality. The survival of the corporation was at stake, and the CEO drove it.”

At Bell Atlantic, it took us five years to convince people in the marketing and sales organization that we needed to modify our behavior to cater to the Asian-American market. Many Asian-Americans would rather deal with you in person than over the phone. You have to associate with them in their particular native tongues, of which there are several. They like the personal touch, which means you have to get sales reps to go out there and interact with folks.

But it took a lot of people, a lot of data gathering, and someone who was brave enough to say, “Let’s try it,” and, “Yes, I’ll forsake a piece of my budget to do that on a bet.” The bet paid off where now the Asian-American market is a growing part of our business. Now we are emulating that in the African-American communities. There are different ways that each of us purchase products. It is not the same for everyone and there are ethnic issues associated with how you tap into those markets that you have to be willing to change the way you do business to capture them.

— *Lee Brathwaite*

“Every organization not treating diversity with the same sense of intensity that it treated quality six or seven years ago is just not going to get there,” Mr. Schacht emphasized. “Diversity has to be a priority in order to treat it as a business imperative. It has to be followed equally by all the processes that we know work in large, complex, bureaucratically inclined, interdependent companies. All the mechanisms to reinforce it have to be put in place. You can’t treat it a whit differently than you do quality. If my competitor doesn’t get it, doesn’t get the business importance of diversity, I do not care because then I win and my competitor loses.” Mr. Schacht also stressed the need for a sense of passion in the pursuit of diversity goals, especially in the CEO’s office.

This view led to an extended discussion on whether the economic impact of diversity could be adequately measured as a basis for its justification, with some panelists concluding that in today’s dynamic competitive world, a corporation could not have the luxury of waiting for an evaluative study. Moreover, there was the question of the comparability of quality and diversity in this context, and whether they permitted similar approaches.

It was pointed out that quality measurements and physical production quotas were neutral and tangible, while “quotas” in the human arena were emotional

and complex. Adverse reactions to the use of quotas in the pursuit of diversity goals were seen as an obstacle, though most concluded that they were not insurmountable.

Too often, however, the imperative for diversity is seen as the avoidance of negative consequences — litigation, lawsuits, boycotts, or ‘bad’ public relations — rather than as a contributing positive to the economic vitality of the company. One CEO, however, said this approach to “selling” diversity doesn’t work. It is the positive corporate economic factors that carry the day, he said, especially the introduction of more different ideas and views, as a counter to “group think.”

The negative internal consequences of not supporting diversity also were discussed. Perceptions that diversity is not a high priority can create employee dissatisfaction and lower productivity with hidden economic costs. Hence, internal perception of a lack of attention can be just as damaging as any reality through its impact on employee productivity.

Another oft-stated reason for the value of achieving diversity is the critical importance of targeting foreign customers and gaining a competitive advantage in the global marketplace. National and international market diversity is a reality. Even our domestic markets are increasingly multicultural, with the top ten immigrant groups having origins in Mexico, China, the Philippines, Vietnam, the Dominican Republic, India, Poland, El Salvador, the United Kingdom, and the Ukraine. This domestic and global diversity are two pillars of the vital need for corporate diversity. We will be living in an even greater multi-ethnic world in the next century and thus we need to prepare and promote tomorrow’s leaders who reflect and understand that diversity.

About fifteen years ago, an African-American friend of mine was a marketer working in the beverage division of our company. It suddenly dawned on her that for decades Kool-Aid had been a staple in African-American homes and yet there was no Kool-Aid advertising targeted to African-American families. Kool-Aid was not advertised in *Essence* or *Ebony* nor was it advertised on African-American radio stations. It was just one of those products that every African-American mother knew and used extensively. This friend thought there might be an opportunity to grow volume on the brand if we targeted marketing communications to these consumers. She was right. She grew volume and earnings on the business by double digits over the next three years.

There are countless other examples of where communications targeted to “minority” populations have driven significant business results. Consider American Express Financial Advisers as an example. They have built a sizable business through the use of Diversity Learning Labs that address the unique financial planning needs of groups that have been historically underserved, including women, Latinos, African Americans, and homosexuals.

— Bridgette Heller

Bridgette Heller observed, “Sears introduced its Mosaic line of clothing just a few years ago and now it is among its best-selling labels. The point is not so much that these “minority” consumers represent viable growth opportunities for most companies or even that they are rapidly becoming the majority consumers in this country. I also don’t want to suggest that you have to be a part of a certain group to understand or appreciate the needs of that group within a product category. Instead, the point is that without a diversity of backgrounds, experiences, and viewpoints being brought to the table, these opportunities would have been missed.”

Ed Toy pointed out that market share “is a matter of the degree to which we can take advantage of every opportunity for new ideas, for new abilities that engender success within our corporations, and our ability to deal with new markets, changing markets, and to come up with new ideas.... It takes so little to lose the market. It doesn’t take very much today not to have that damage in operating efficiencies and operating margins relative to your competitors.... If you are six months behind the times because somebody else came up with the idea just a little bit earlier, you have lost that market. In the case of the internet, to be behind by just six months is to be behind by a century.”

Hence, if a key competitor gains an economic advantage as a result of diversifying its managers, researchers, and marketing approach, there can be a major negative economic consequence for the company that fails to diversify.

The fundamental and recurrent answer to the question, “Why is diversity important?” was that diversity is not a social issue. It is not a moral issue. It is a strategic business imperative.

Important Problem Areas and Some Possible Solutions

Two critical problem areas that received the greatest attention in the discussion were the need to understand the meaning of diversity and the critical importance of leadership and managerial commitment to achieving it.

Human differences must be valued. Human differences must be seen as sources of positive contribution to the success of corporate initiatives, the speed of the enterprise, recovery from failure, and the value of the firm. Everyone in the corporation must see and understand that diversity encompasses more than just equal opportunity and affirmative action.

— *Winston Smith*

Understanding Diversity and Its Corporate Contribution

Diversity was described as much broader than merely racial, gender, or ethnic and far more so than the outmoded concepts of affirmative action. Several participants advocated a definition which recognized a wider range of human diversity to include religion, socioeconomic status, physical ability, style, marital status, culture, and sexual orientation.

These differences should not be merely tolerated and accepted, they must be valued as positive contributors to the corporate enterprise and success. Thus, a critical problem is the need to create a greater understanding of diversity and its significance to the corporation. Above all, the goal should be seen as part of the ongoing, normal process of realizing corporate success by employee enrichment through diversity. “If you are committed to your corporation,” noted Lee Brathwaite, “you should represent all of your employees. So, if you are truly responsible to your shareholders, you owe it to them to tap and utilize the talents of all your employees.... Diversity means inclusively or inclusiveness, providing opportunities for all employees to be valued and appreciated, providing opportunities for creative and different ways of thinking.”

There are substantial benefits to recognizing that corporate diversity is important and is here to stay, because through those different kinds of people you get different ideas. You can approach different markets. You have a better understanding of the way people think as opposed to the “group think” problems or “group think” issues where everybody is thinking the same way, and you don’t have somebody come in and say, “Wait a minute. Why don’t we try it a little bit differently?”

— *Ed Toy*

Mr. Brathwaite mentioned a recent full-page ad published by his company, Bell Atlantic. “There was a picture of four people of different genders, ages, and races, and the caption read: ‘All great minds don’t think alike.’ That means you need to be personally committed to change your paradigm, to reach out for people who look different from you, who act different from you, who are willing to come in

and help you transform your business, because in the competitive marketplace, you will not survive unless you do that. I personally hope my telecommunications competitors don’t get it, because I will use that to my strategic advantage.”

Everyone, absolutely everyone, hears things through the filter of their experiences. Today's corporation needs lots of very different filters to continue their growth. The filters go far beyond differences in ethnicity, gender, and sexual orientation. They encompass a broad range of attitudes toward change, technology, and problem-solving in general. At the end of the day, what is important is, do you have the ideas to win in the marketplace?

— *Bridgette Heller*

Frank Doyle made a particularly telling comment on this point: "I am very concerned about a phenomenon that has been defined several years ago called "group think," where highly homogeneous groups, many of them showing great openness, nevertheless end up suppressing diverse views. There was work done on why the Bay of Pigs occurred when there were so many bright people in the room, all of whom liked each other. From what I understand,

the one person who said, "Maybe it's not a good idea" was Adlai Stevenson, and they threw him off the team.

The dangers of "group think" in fast-moving organizations that have apparently open environments is extraordinary. That is, they function very efficiently and are capable of making huge mistakes.

Today's business needs creativity. With the global economy, with the internet, with information available quite widely to all of us, how can we instigate creativity? Creativity is a function of our experiences, of our culture. The wider the variety of diversity you have in your teams, in your staffing, in your business, the more and the better the chances of coming up with creative solutions.

— *Nargis Ladha*

"I came out of an environment in GE where conformity is not a value, where lively diversity of views from all sources is a value. I think it was one of the things that energized that company. Any company that does not capture from our discussion that value and inculcate it into their everyday actions is missing out on a basis for success." Consequently, as pointed out by Laurence Bonnemere, there is both an external, or market diversity

and an internal component which must be recognized and "embraced as a corporate dynamic."

Corporate Leadership Commitment to Diversity

The most frequent theme of the dialogue was the belief that the most important force for achieving corporate diversity was the commitment of the corporate CEO. All participants agreed that if the CEO is committed and takes the appropriate steps in achieving the goal, it will happen. There was recognition of the importance of the CEO creating a "corporate spirit" of commitment, if there was to be real diversity progress. But it must be a real commitment, not just lip service. Securing endorsement at all levels of a corporation was consid-

ered to be indispensable. Although the CEO is central, some participants added that members of the boards of directors needed to be involved as well to assure that appropriate policies are adopted and followed.

The importance of the CEO and board member involvement and leadership.... they are key to making diversity happen. The commitment has to be demonstrated in personal action and accountability and has to be made a corporate priority.

— *Patrick Gaston*

A frequent axiom of corporate governance is that the focus of the CEO determines where the rest of the company centers its attention. If the CEO makes it clear that he or she believes that diversity is important, then the rest of the company has its marching orders. When one looks at the corporate landscape for

those companies which appear regularly on the “top ten lists” as the most diverse in their workforce and boards, virtually all can be traced back to the dedication and execution of a committed CEO. This view was repeatedly referred to throughout the sessions.

CEOs are critical in creating the corporate spirit. CEO support of diversity must be heard in every nook and cranny of the enterprise....

How do you effectively achieve diversity in a dynamic business environment? A commitment to excellence in employee profile improvement, community relationships, and supplier diversity, even in the midst of downsizing, mergers and acquisitions, and global sourcing initiatives, is critical.

The role of the CEO, as leader in communicating the continued importance of corporate excellence in diversity, even during these initiatives, is absolutely paramount....

Finally, if goals and initiatives to achieve corporate excellence in diversity are to be successful, then corporate diversity across the corporate dimension must be viewed as a business imperative.

— *Winston Smith*

However, the varied experiences of the panelists revealed that, despite such a commitment, the marching orders may not be obeyed unless there was constant watchfulness regarding their implementation. The obstacles were not merely the mid-level managers, but the attitudes and commitment of the entire workforce. The frequency with which corporate-wide goals are undermined in their execution may well be one of the major causes of the failure to achieve greater corporate diversity in the United States to date.

Getting Employee “Buy-In” and Leadership Follow-Through

The frustration of a CEO’s commitment by the half-hearted efforts of subordinates and the lack of vigilance to assure that policy goals are being heeded require strong measures to correct. Several participants believed that accomplishing a “buy-in” on diversity across the full spectrum of employees was absolutely decisive. Recognition that there could be a disruption of the normal employee “comfort zone” is often the first step in the process. People do not like change, and they especially don’t like that which is “different,” especially among other people. Introducing such change creates its own dynamic of internal discomfort, friction, and even hostility. Dealing with this wisely and effectively is also an important part of the process. Especially indispensable is recognizing the courage that is required by all levels of management to carry out the mission.

People like to talk to people who are like them, and they want to work with people who are like them. You have to train people and educate them to break through the resistance that you are going to have. You have to recognize there is going to be resistance and help people overcome it and in that way create this quality imperative that is up and down the line so that you get success at every level.

— *Joan Fallon*

Lee Brathwaite made a telling observation that “all of our businesses have goals and strategies focused on our employees. Why? Because we know that increased employee effectiveness through training and development improves productivity and profits. So why is diversity such a difficult issue for us to embrace?” The frequent response to his question was

employee failure to recognize the economic imperative of achieving diversity — the impact on the company’s bottom line and, in turn, on the employee’s income.

So to now come forward and say I want to have a diverse environment, I want diversity as an initiative or as an imperative, most people are going to hang back and say, “Well, somebody better show me something in that regard first before I am going to put myself on the line and start thinking or talking that way.”

— *Bridgette Heller*

Several participants commented that even with strong top-level commitment, the lower levels of management frequently block or sabotage the process. Examples to offset these forces included corporate plans linked with incentive or bonus recognition for achieving the

objectives. The impact of these financial measures caused individuals who can affect the diversity process to become much more sensitive to the significance

of accomplishment or failure. When they see a direct personal economic consequence, they may begin to recognize the broader corporate economic consequences.

But how do you encourage the employee body to appreciate what you are trying to do with diversity initiatives? One of the ways that we are doing it at Bell Atlantic is we have a diversity plan whereby the corporation insures that everybody in the key businesses has commented and they, in turn, develop their respective diversity initiatives around that. To make it have a little bit of bite, the senior managers' pay is associated with it. So once it became a compensated issue, it had more meaning and says "We must be serious about this mission."

— *Lee Brathwaite*

There must be a strong, continuing follow through by those with major responsibility, Chris Giordano said. He noted that "leaders must supplement numerical and statistical reports with personal observation. A successful diversity plan should identify who is in charge of achieving diversity goals and who bears the responsibility for success or failure, with financial rewards or penalties. Critical criteria beyond the num-

bers should also hold managers and supervisors accountable. Promotions and bonuses should reflect their accountability. Human resource departments and diversity vice presidents can and should be the catalyst of the critical execution, and decisions shouldn't fall outside their purviews. Although there is no single model of corporate diversity because of different corporate cultures, one thing is common: The corporations need to make diversity an important strategic business imperative and objective, where all employees are held accountable."

How to Achieve Diversity as a Business Imperative

The issue of affirmative action and quotas in achieving diversity arose several times during the discussions. However, these were not seen as today's driving factors. In fact, they were viewed as "yesterday's agenda." Instead, the focus was far more on the problems to overcome in improving a company's diversity profile — actions that influence hiring and promoting which invariably becomes a sensitive issue.

Henry Schacht commented, "It is too easy to promote the white male person, and you have to argue, you have to force people to argue that they really believe that somebody of color isn't quite as good. Once you get a person on that ground, you get some really interesting discussions because people generally do not like to be pushed into that corner. But if you argue it is as a busi-

ness imperative, you give people no place else to go. Do not talk about diversity dispassionately, and do not separate it from other things. ‘We do not want to have quotas,’ the saying goes. Of course you do. Would you ever have a sales organization without a sales quota? Would you ever not measure the performance of sales because somehow that is not fair to the person being measured? Again, it is a critical business imperative.”

Similar views were expressed by Ed Toy: “One of the problems with quotas is they give people an easy way out. They simply say, ‘OK, well, I have got enough black people in the company. I have one number that says I accomplished what I wanted to accomplish, and that is it.’ The same thing works when you are talking about promotions. One of the problems is the fact that it is easy, and it is safe to promote the white male. It is difficult to say, well, even though this woman has a couple of years’ less experience, I think that person is going to be a better manager, and I am going to take that chance and promote that person.”

Everything is capable of quantification. I don’t know of a single company in this country that does not say “You either make a 15 percent increase next year or you are no longer here.”

— *C. Sumner Stone*

He added, “Never give people the easy way out. Earlier Hank Schacht said, ‘Well, we do not understand why after all these efforts we are still looking at a cabinet meeting or a senior management meeting that is all white male.’ It is because we always gave them the easy way out. You give them one number to

meet, and then we are done, or meet that one number and don’t raise the bar and say, ‘OK, now that you have accomplished this, let’s talk about what else you can do to improve it.’ Now that you have the numbers there, what are you doing to encourage them to come out with their ideas? What are you doing to encourage them to bring people in behind them so that they are successful? I see that as the reason why you get a lot of CEOs who say diversity is important and yet they are not yet there.... We all learned that doing this is because it was the right thing to do, even if we passionately believed it got us nowhere.”

Frank Doyle observed, “Certainly, in generations past, women and black men who got into positions of influence tended to fit in. They fit in, therefore, they rose in the organization. So I do think there is a real issue — it may be generational, and I suspect it is — but one of the things I found is that I had to go find the natural leaders out there who were of color. There is a breakthrough when they start really exercising strong leadership.”

As we look to deepening diversity as a key business strategy, we also think that corporate leaders ought to expose themselves to environments that will ensure success for this kind of change. Are they involved in groups like the NAACP or the Urban League? Are they involved internationally? Do they speak different languages? These exposures are important if the leaders are to bring about these changes.

— *Patrick Gaston*

Keith Rauschenbach urged that those in leadership positions must not merely “talk the talk, but walk the walk. Diversity needs to be embraced at all levels throughout the organization. Managers must step up to the challenge of ensuring that diversity is evident in each of their own operations and throughout the ranks of their professional and administrative staffs. CEOs must accept the challenge to lead by example, ensuring that diversity is evident in the composition of their executive officer ranks and equally important throughout the ranks of their directors. By doing so, we will send a strong message.”

However, Joan Fallon warned that more than CEO pronouncements are required to accomplish a diversity goal. “The general corporate population does not like to function outside of their comfort zone,” she said. “If there is not a strong infrastructure which supports the initiatives, the resistance phase at all levels throughout the organization will undermine the CEO initiative.” Judith Kirkland added that achieving this goal also requires courage and bravery. “We should step up to the plate and say ‘We want to make a difference with something that perhaps is out of the comfort zone for a lot of individuals.’ The fact that we are here today sends a message that it is a very important issue, that these individuals can make a difference, and that there is a lot that we can do to bring forth the message in our corporations.”

Two other areas discussed were (a) the need to maintain a focus on diversity in the midst of downsizing, mergers and acquisitions, and societal shifts in views; and (b) the need to shift focus from just reporting and tracking numbers to identifying and tracking systematic solutions.

Winston Smith summarized the group’s discussion: “Reviews of results, current status, and pro forma outlooks are needed to assess the impact of downsizing, mergers and acquisitions, and other optimization initiatives. Commitment to excellence in employee profile improvement, community relations, and supplier diversity is critical.”

“The shift from tracking numbers to systemic solutions occurred in the quality area. We shifted from tracking defects only to tracking the widespread use of quality tools.... We need to identify processes that support the goal of achieving excellence in corporate diversity, such as has been done in the area of supplier diversity cited by the recent Milken Institute report.”

From a business perspective, achieving diversity takes collaboration and learning, so it becomes important to have the environment, to have the dialogue, to make the right decision for the optimal result.

— *Gwen Dixon*

Another problem which surfaced related to the growing difficulties in attracting female and minority talent to the traditional corporate sectors. Unlike the obstacles they faced in just getting hired ten or twenty years ago, the problem today is that there are alternatives

that attract highly-talented individuals. This results in a loss of talent, and the problem requires special attention, particularly within the larger corporations.

Failure to attract such talent will adversely affect the economic fortunes of the company in the future.

Many of the top recruits from the graduate schools are going to Internet companies and small entrepreneurial enterprises. I think that corporations, large corporations in particular, really have to begin to ask themselves what is going to happen with this outflow of talent. The traditional places where we have sourced talent are now feeding these alternate enterprises. The main reason that students cite as the primary motivator for going there is that they think it will be more fun. They think they will have an ability to impact the organization and the company much earlier, and they really do not see large corporations as being flexible enough. Without this talent, large corporations will be sorely disadvantaged in their efforts to achieve continued growth in the next millennium.

— *Bridgette Heller*

One of the most telling points made during the dialogue was the need to recognize the underlying factor of power — sharing it or relinquishing it — that is involved in achieving corporate diversity. At the individual level, the selection or advancement of a woman or minority invariably means that a white male or non-minority has not been chosen. To many people, such a step understandably represents a loss of individual power or a lessening of influence within the corporation.

Bridgette Heller noted, “You have to have the openness, the honesty, the forthrightness, the ability to challenge the status quo. Because the truth is that — and I am not in any way trying to demean the white male powers-that-be — but these people that you are entrusting with making diversity happen at lower levels in the organization, they have a

built-in reason for wanting to see the status quo maintained. They are the beneficiaries of the status quo. So, yes, they might move somebody ahead from a numbers standpoint, but the minute that person starts to be really challenging from an ideas standpoint is when I am going to take this guy over here who meets my numbers quota, but doesn’t represent as much of a problem from this standpoint of ideas.”

The most critical area in this whole subject is the sharing of power. I do not think it matters what we have underneath all of the programs, all of the training, all of the quotas, all of the systems. Unless the people at the top of some organizations are ready to share power, nothing will change. I have no sympathy with CEOs who say that they do not know what has happened or they do not know what is wrong. Because what is basically wrong is that they have not been willing to share power. They haven’t shared it where it is meaningful in their organization, which means when there is an open seat on the board, who gets that open seat? When there is an open seat at the senior management table, who gets that open seat? Until the CEOs of these companies are committed to living by the standards that they very often are very enthusiastic about when they talk to women and when they talk to minority employees, until they are willing to make those differences where they live, in their offices, then nothing else is going to change.

— *Virginia Ibarra*

Finally, the danger of complacency when a company believes that it has achieved a satisfactory level of diversity was often mentioned as a problem. Clifton Wharton observed that diversity is “both a hot-button issue and an issue that very often does not necessarily always rise to the top for consideration by many of the leading individuals within corporations because they believe that they have ‘solved the problem’ without realizing that there are dimensions of the problem which keep surfacing that lead to the kind of difficulties which many corporations experience, such as the news about Texaco and Coca Cola.”

Today’s *Wall Street Journal* discussing Coca Cola’s problems, mentions a report done in 1995, led by their most senior Black officer. Here was a case where the company had a group of individuals from within who were sharing what needed to be done, but it was not apparently followed.

— Clifton R. Wharton, Jr.

Whether or not corporations believe that they have achieved diversity, it was evident from the panel dialogue that considerable attention and work are still required. If diversity is to be a reality among U.S corporations, especially those that wish to be in the competitive forefront, a renewed commitment and new strategies are necessary.

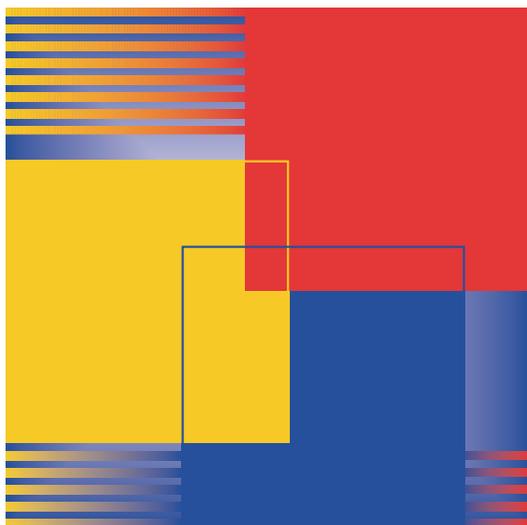
Frank Doyle’s closing comments affirmed the significance of the FCI/CED discussion, asserting, “The atmosphere in the room should be captured and broadcast because the whole discussion was all about improving performance and improving competitive sharpness. These savvy, tough-minded younger leaders are going to make it happen. They will sit around this table. They will become the CEOs with the power.”

“So I think we should convey that message out to the CED membership: that this deeply-rooted interest in improving the overall performance of our companies, of our economy, requires diversity.”

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